



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

JAN 14 1998

Disaster Letter 98-03: Flooding in Tennessee.

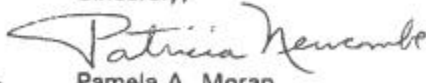
Dear Guaranty Agency Director:

On January 13, the Federal Emergency Management Agency designated **Carter** county in **Tennessee** to be a disaster area because of flooding that began January 6. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of that county.

1. Loan holders are strongly recommended to grant forbearances to borrowers who contact them and indicate that they have been adversely affected by the disaster and need temporary relief from their loan obligations. If the holder believes that the borrower has been harmed and needs assistance, the holder may grant a forbearance for up to 3 months based on either the borrower's oral or written request for assistance, which must be documented in the holder's files.
2. The holder does not need to obtain supporting documentation or a signed written agreement from the borrower to justify a forbearance for this initial 3-month period. The Secretary will decline to enforce the requirements of 34 CFR 682.211(c) for this period.
3. A continuation of the forbearance past this 3-month period will require supporting documentation and a written agreement from the borrower.

Lenders and guaranty agencies may contact the Department's toll-free number at 1-800-433-7327, Monday through Friday from 9:00 a.m. to 5:00 p.m. EST for further updates. This letter has also been sent to each regional office of the Department, plus the National Council of Higher Education Loan Programs, Inc., the Consumer Bankers Association, the National Association of Student Financial Aid Administrators, and the Student Loan Servicing Alliance.

Sincerely,


for Pamela A. Moran

Chief, Loans Branch
Policy Development Division
Student Financial Assistance Programs